

ENDOCARE, INC.

AMENDED AND RESTATED AUDIT COMMITTEE CHARTER

(As Adopted by the Board of Directors on November 10, 2005; amended November 15, 2007)

Purpose

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Endocare, Inc. (the “Company”) to oversee the accounting and financial reporting processes of the Company and the audits of the Company’s financial statements. In that regard, the Committee assists the Board in overseeing: (i) the integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements; (iii) the independent auditors’ qualifications and independence; and (iv) the performance of the Company’s internal and independent auditors. In addition, the Committee prepares the Committee report that Securities and Exchange Commission (“SEC”) proxy rules require to be included in the Company’s annual proxy statement. While the Committee has the duties and responsibilities set forth in this Charter, it is not the duty or responsibility of the Committee to plan or conduct audits or to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Those tasks are the responsibility of the Company’s management and the independent auditors. The Board and the Committee represent the Company’s stockholders. Accordingly, the independent auditor is ultimately accountable to the Board and the Committee.

The Committee shall have the authority to retain and compensate such outside legal, accounting, or other advisors, as it considers necessary in discharging its oversight role.

Membership

The Committee shall consist of at least three members, as determined annually by the Board. The Board shall designate one member as chairperson or delegate the authority to designate a chairperson to the Committee. The members of the Committee shall meet the independence and expertise requirements of each exchange on which the Company’s securities are traded, Rule 10A-3 of the Securities Exchange Act of 1934 (the “Exchange Act”), and the other rules and regulations of the SEC. All members of the Committee shall be able to read and understand fundamental financial statements. At least one member shall be an “audit committee financial expert,” as defined by SEC rules. No member of the Committee shall have participated in the preparation of financial statements of the Company or any subsidiary of the Company in the past three years.

Members shall not serve on more than three public company audit committees simultaneously.

The Committee shall meet at least quarterly. The Committee shall meet periodically in separate executive sessions with management, the Director, Internal Audit, and the independent auditor. The Committee shall report regularly to the Board with respect to its activities. The Committee will maintain written minutes of its meetings, which minutes will be filed with the books and records of the Company.

Duties and Responsibilities

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee endeavors to set the overall corporate “tone” for quality financial reporting, sound business risk practices, and ethical behavior.

The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

- The Committee shall be directly responsible for the appointment, compensation, retention, and oversight of the work of the independent auditors (including resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company. The independent auditors shall report directly to the Committee.
- At least annually, the Committee shall obtain and review a report by the independent auditors describing: (i) the internal auditors’ internal quality control procedure; (ii) any material issues raised by the most recent internal quality control review, or peer review, of the firm or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm; and (iii) any steps taken to deal with any such issues;
- At least annually, the Committee shall obtain from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Company. It is the responsibility of the Committee to actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and for taking, or recommending that the full Board take, appropriate action to oversee the independence of the outside auditors.
- After reviewing the foregoing information and the independent auditors’ work throughout the year, the Committee shall evaluate the auditors’ qualifications, performance and independence. Such evaluation should include the review and evaluation of the lead partner of the independent auditors and take into account the opinions of management and the Company’s personnel responsible for the internal audit function.
- The Committee shall determine that the independent audit firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under the SEC’s independence rules.

- The Committee shall pre-approve all audit and non-audit services provided by the independent auditors and shall not engage the independent auditors to perform non-audit services proscribed by law or regulation. The Committee may delegate pre-approval authority to a member of the Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.
- The Committee shall review the appointment and replacement of the Director, Internal Audit.
- The Committee shall discuss with the Director, Internal Audit and the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and budget or compensation.
- The Committee shall regularly review with the independent auditors any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the independent auditors' activities or access to requested information, and any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Company's financial statements or the independent auditors' report. The Committee should review: (i) any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise); (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and (iii) any "management," "internal control," or "significant deficiency" letter issued, or proposed to be issued, by the independent auditors to the Company.
- The Committee shall review and discuss the quarterly financial statements with management and the independent auditors prior to the filing of the Company's Quarterly Report on Form 10-Q. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.
- The Committee shall review and discuss the annual audited financial statements with management and the independent auditors prior to the filing of the Company's Annual Report on Form 10-K. The Committee's review of the financial statements shall include: (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any specific remedial actions adopted in light of significant control deficiencies; (ii) discussions with management and the independent auditors regarding significant financial reporting issues and judgments made in

connection with the preparation of the financial statements and the reasonableness of those judgments; (iii) consideration of the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the financial statements; (iv) consideration of the judgment of both management and the independent auditors about the quality, not just the acceptability, of accounting principles; and (v) the clarity of the disclosures in the financial statements and in management's discussion and analysis (MD&A). Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under professional standards.

- The Committee shall receive and review quarterly reports from the independent auditors on: (i) all critical accounting policies and practices of the Company; (ii) all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent auditor; and (iii) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
- The Committee shall review and approve all related party transactions, as provided in the Company's Related Party Transaction Policies and Procedures adopted by the Board.
- The Committee shall review and discuss press releases reporting financial results, including the use of "pro forma" or "adjusted" non-GAAP information. The Committee also shall discuss with management the Company's practices regarding financial information and earnings guidance provided to analysts and rating agencies.
- The Committee shall review management's assessment of the effectiveness of internal control over financial reporting as of the end of the most recent fiscal year and the independent auditors' report on management's assessment in compliance with Section 404 of the Sarbanes-Oxley Act.
- The Committee shall discuss with management, internal audit, and the independent auditors the adequacy and effectiveness of internal control over financial reporting, including any significant deficiencies or material weakness identified by management of the Company in connection with its required certifications under Sections 302 and 404 of the Sarbanes-Oxley Act. In addition, the Committee shall discuss with management, the Director, Internal Audit, and the independent auditors any significant changes in internal control over financial reporting that are disclosed, or considered for disclosure, in the Company's periodic filings with the SEC.

- The Committee shall obtain from the independent auditors assurance that the independent auditors are in compliance with the requirements of Section 10A(b) of the Exchange Act, which addresses situations in which the independent auditors detect or otherwise become aware of information indicating that an illegal act has or may have occurred. In addition, the Committee shall receive any reports from legal counsel of evidence of a material violation of securities laws or breaches of fiduciary duty, in accordance with the SEC's rules under Section 308 of the Sarbanes-Oxley Act.
- At least annually, the Committee shall review and discuss the Company's corporate compliance program and code of conduct and the Company's related training activities.
- The Committee shall discuss the Company's policies with respect to risk assessment and risk management, including the risk of fraud. The Committee also shall discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing materials, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- The Committee shall set clear hiring policies for employees or former employees of the independent auditors that meet SEC rules and regulations and applicable stock exchange listing standards.
- The Committee shall ensure that a public announcement of the Company's receipt of an audit opinion that contains a going concern explanatory paragraph or qualification is made promptly as required by NASDAQ rules.
- The Committee shall determine the appropriate funding needed by the Committee for the payment of: (1) compensation to the independent audit firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company; (2) compensation to any advisers employed by the Committee; and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.
- The Committee shall review and reassess the charter at least annually and recommend any proposed changes to the Board for approval.